

# THE PLAIN VIEW.



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## COMMENTARY

THE PROGRAMME FOR HUMANISTS. No more than a beginning has so far been made in applying the unlimited resources of science to human well-being. This was the theme which was found weaving itself through the formal pattern of each of the discussions in the public conference on *The Challenge of Humanism*, announced in our last issue. And the theme roused a feeling that the experts in whose hands these great possibilities lie must be brought out of their isolated specialisms in order both that they shall know and respect the complex of human interests and values which humanists defend and promote, and that they shall give the public a grounded and instructed confidence in themselves and in science. This bringing together of the experts and the public about the common concerns of a common human life, and in a milieu of common assumptions about the competence of science, the responsibility of man to man, the supremacy of human interests, and the democratic control of social life, with common ideas about man, nature, and civilization, is a main task of humanism as an organized movement. No other movement has the motive, the competence, and the credentials for this undertaking.

Nevertheless, the conference showed all too plainly that humanists are far from having achieved the wise realism which would give them the spiritual authority necessary for effective leadership of the kind to which they aspire. A movement which has been institutionalized and has a rich inheritance carries and engenders qualities (like wisdom) which are otherwise only a personal attainment. Humanism is not such a movement, and therefore leading humanists can be completely lacking in historical maturity, possessed by a naive enthusiasm for a romantic future, which has always been the bad tendency of scientific humanism; and which is less excusable and more dangerous to-day than it ever has been. Human capacities and human satisfactions are not going to be vastly altered either by science or by historical change. It is more important to understand and to insist on the disciplines which realize those capacities and those satisfactions, and to learn and to teach appreciation of the unsurpassable quality in things that are perfect, than it is to elevate the human spirit to the prospect of unknown realizations surpassing experience. Especially in our day, in a scientifically-minded machine age, in the midst of vast industrialized populations, does the centrifugal force of the daily round fling us from the stillness of the centre into distractions, transitions, and preoccupation with the exacting means of mere existence. The more reason for not giving our ideals the same character of illusion, postponement, and spurious excitement. One might be tempted to say, thinking historically, that scientific humanism must be married to literary humanism. It is better to say that humanists must form themselves into a movement with an adequate social philosophy, a philosophy of civilization. Neither by individualist action nor in *ad hoc* campaigning can they ever develop the historical purpose and the patient realism which could give them unchallengeable spiritual authority in human affairs.

**OBJECTIVES FOR SCIENCE.** In spite of the genuine validity of scientific method, every science is all too liable to develop into cults of opinion. Its history is never the story of steady advance overcoming the forces of ignorance, dogmatism, and obscurantism; like other histories, it is always a story of chequered fortunes and civil wars, ending with the din and confusion of contemporary battles. The organization of science for steady advance is a highly difficult operation, notwithstanding the spectacular successes of the physical sciences. Even in this field, war-time achievements have shown that a strategy founded on agreed social objectives promises results of a social magnitude which pure research working on problems set by theory could never command the authority and the resources of organization to achieve. It was the practical necessities of work in the clinic and in the school, rather than the inner dialectic of the subject itself, which developed psychology out of a branch of academic philosophy into the present adolescent science whose career is (or ought to be) of the greatest interest and anxiety to all of us. If psychology could take as its agreed objective human behaviour considered as one comprehensive social problem, without slipping back into the generality of philosophy on the Greek model, retaining and improving its scientific hold on the complicated facts, the necessity to co-ordinate, simplify, and develop its present achievement could give the science a maturity and authority which it is not otherwise likely to attain. What is meant is not a general staff of psychologists to produce plans for conditioning the people, but organized responsibility for the planning and co-ordination of scientific studies (there is already an accumulation of material) which will inform social policies. Recent years have shown us the difference in economic science which has been made by concentration on stubborn practical problems and social objectives. Regional planning is a new field which co-ordinates and fructifies the work of an army of specialists. It is a time for synthesis, for concrete synthesis produced by concentration on social objectives. The minds, the techniques, the forms of organization which are necessary for this achievement are not yet familiar to us. Of course they bring in new dangers, but the new dangers are not more terrifying than the dangers of cultural disintegration and crude politics, to which we shall otherwise succumb. If it is possible that the government of men can ever be consummated in the administration of things, it can only be done on these lines by the planned application of science to society. The scientists themselves cannot do this. It is a matter of public opinion and social policy. It cannot happen in a society which is ignorant and distrustful of science; nor in a society whose scientists are ignorant and contemptuous of the mass.

**POLITICS IS ETHICS.** The *Republic* of Plato and the *Politics* of Aristotle are treatises on ethics: politics is ethics writ large. In society you see the full aspect of human well-being, which expresses the conditions of well-being for the individual soul. Moreover, the job of statesmanship is to provide the way to enlightened knowledge of the good for those who are capable of attaining it, and to discipline and train in habits of virtue those who fall short: government is moral education. The worst calamity



is that appetite shall rule, in the individual soul or in the state. The only hope is in the enlightened ruler or in enlightened laws.

The Christian theory of the feudal state in the middle ages exemplified the Greek idea of harmony of function and interest in due subordination to a supreme spiritual good. What a transvaluation of values, a revolution in ideals, when liberal democratic theory makes appetite, individual wants, the source and criterion of political good, and the representatives of organized wants rulers in the state! In theory this was the worst that could happen, the degradation of humankind, the abandonment of all good. In practice, as in many other cases, this realism was a precondition of any genuine idealism which did not defy the facts. The representatives of organized and opposed wants had to live together and preserve the foundations of a common society, had to bear responsibility and to practise compromise, and had therefore to develop common interests by the discipline of appetites and the modification of demands. The result, in our own time, has been the emergence of essential human interests (the good) as the standard of political thought and policy, and the shift of attention to expert and technical methods for safeguarding and satisfying them. The Education Act is based on the essential interest of society in being served by all citizens educated and occupied according to personal aptitudes and capacities, regardless of family means and social status. Thus it would not be absurd to say that the modern democratic social service state, founded upon appetites, is able to realize an ethical ideal which defeats the idealism of Greeks, Christians, Fascists, and Communists. Democratic co-operation and discussion, that is the discipline imposed by democratic institutions and responsibilities upon sectional interests, have created the will to make essential human interests the common political standard. This is not a formula for converting politics into ethics, the rule of appetite into the rule of reason. It is an historical process which, if attended by great luck, can have that happy outcome. There is no pre-established harmony of selfish interests. Strong interests can all too easily impose ruinous leonine bargains upon weaker interests for an indefinitely long time. But the struggle may become more equal and more fortunate. In this country, we enjoy an advanced position in this time process, and have had exceptional luck, and escaped hideous dangers. We should therefore have a profound understanding of the difficulties of less fortunate peoples. Even with us, the achievement is by no means secure and can never in the nature of things be final. Democratic idealism, like other idealisms, has its illusions, which are the more treacherous because it is an idealism founded upon the realism of democratic procedures, founded upon the actual appetites of real people and not upon the reason of a disinterested law-giver, or a theory of the harmony of social functions, or the wisdom of an oligarchy. The democratic illusion is that appetites appear before public opinion as moral claims, and are judged and satisfied by public opinion solely on their merits as moral claims. Since there is no large instructed and impartial public standing apart from those who participate in the wants of some organized group, this situation is unreal. And in practice, the rights of

established interests make a strong moral claim and justify themselves, whereas the demands of the under-privileged look like crude appetite and accuse themselves. Nevertheless, on specific issues the conflict of interests does not usually engage and divide up the whole of the public; the moral appeal is not wholly illusory nor wholly falsified; and governing the situation are the strong common values and common assumptions which make society possible. Therefore a sharp-eyed working faith, having nothing to do either with doctrinaire abstractions or with simple-minded idealism, is the best political outlook in such a democracy as ours. Such a faith, in such a democracy, has no reason to despair of seeing the creation of a genuine common good in the main human interests; and if there is a common good it is a political standard: politics is then ethics.

**COMMUNISM AND COMMON SENSE.** The unnerving fear of many people is that resolute Communist Parties everywhere will penetrate wherever they can work most destructively and will not rest until they have seized power in every country and established their party dictatorship. It is a fear which develops easily into a phobia that turns the citizen mad. It is absurd, of course, to suppose that it is only a fear which haunts those who have something big to lose. It is not mainly a fear of a domestic party, but of a Russian fifth column; therefore it is of general interest and some political importance.

The genuine difference between communist morals and ideals and democratic morals and ideals is in great part an historical difference, a situational difference, and not a simple and absolute difference between right and wrong. It would take a long and patient examination, a Socratic dialogue, to discover whether the difference lies in a reading of the political facts or is an irreconcilable difference of principle. Most of us make hasty judgments on this issue, but they are superficial—as a very little dialectic would clearly show. After the example of Nazism, it is important to recognize that communism, theoretically and historically, is not a conspiracy of opportunists, of power-fiends; it is a revolutionary strategy for a humanist purpose. That such a strategy can be a real and formidable menace to the very interests it would promote, and that the tactics which derive from it can be an exasperating nuisance and a destructive pest to social democrats is a matter of painful experience. There is in this experience, however, no justification whatever for treating a communist party otherwise than as a fully justified political party, nor for treating the personnel of such a party otherwise than as honourable political opponents. The only possible refutation of their errors is in the triumph of the democratic faith, the democratic achievement. As men and as groups, they can be treated on their merits, according to their behaviour.

Of course, in dealing with an inflexibly resolute, cunning, and unscrupulous opponent, a policy of appeasement and easy-going good nature is political imbecility. We have seen enough of that. But this situation is not so simply sinister, and there is great danger in supposing that it is. There is the danger of finding in communists and communism



something to hate. That danger is very near and is very great. It is a far greater danger than communism is. Let us fear not communism but ourselves: we ought to have learned that lesson from the psychologists. There is a rational way of dealing with communists, and it begins with ourselves. Any other way leads to madness and destruction.

## THE PROFIT-SEEKING MOTIVE IN TRADE AND INDUSTRY

THE Ethical Union administers an *Ethics and Economics Trust*, founded by one of its members, Mr. R. A. Price, for the purpose of studying ethical principles and ideals in their bearing upon economic relations, and to promote their application in this field. It is proposed under the Trust this year to initiate a discussion on the profit-seeking motive in trade and industry. People qualified by different types of experience and approaching the problem from different standpoints will be invited to contribute, and eventually the papers will be published in a volume of essays expressing the views of representative economists, sociologists, psychologists, business executives, trade unionists, and others. Meanwhile, we shall print many of the essays in THE PLAIN VIEW. In this issue, we give the syllabus of the discussion and the first two essays, contributed by John Laird, professor of philosophy at Aberdeen, and Michael Polanyi, professor of chemistry at Manchester.

### SYLLABUS

#### ASSUMPTION A:

Self-interest is inevitably the strongest motive whatever the order of society. Therefore it is wisest to provide it with routed social opportunities to do the necessary work of the world. If it is not canalized, its pressure will be none the less strong and will be disruptive of a social order organized against, or across, it. In any case, no other source of spontaneous energy is available to provide for the needs of the world. Self-interest and the public interest are not opposed, and it should be the aim of public policy to reconcile them on the line of least resistance. This aim is attained in a system of free competition based on the desire of each man to promote the financial interest of himself and his family. Any evil consequences of such a system in practice may be mitigated by appropriate social action.

#### ASSUMPTION B:

It is true that self-interest and the public interest are not opposed; but that is not because private vices are in some lucky or providential way public benefits, as Mandeville wrote, but because all individual good derives from the social resources; the two interests have not to be painlessly and ingeniously reconciled: they are indivisible. This inherent identity is destroyed if private opportunism is made a social necessity on the false assumption that it is a natural imperative. Self-interest is not merely, nor mainly, economic self-interest; it can be enlarged and

refined in the development of the self-regarding sentiment, which is the product of social influences and ideals: the content of self-interest is mainly a social content, and it is therefore a stultification of policy (merely asking for trouble) not to make that content directly and positively social. Human nature is constant, but human behaviour is various: it is a highly adaptable response to situations. The profit-seeking incentive, like the power-seeking incentive in international relations, if it is made a social constraint, fastens upon human nature its worst possibilities and makes everyone a victim; the good that is otherwise natural and reasonable is made rare and heroic: the bad currency drives out the good. Thus toleration of the profit motive and dependence upon it in trade and industry produce evil consequences which cannot be satisfactorily mitigated by social action.

Which of these assumptions is on the whole better justified by the available facts? What, if any, are the important bad effects of the competitive profit-seeking principle in trade and industry which cannot be remedied by social action? How much of the argument for the competitive principle is based upon an old-fashioned and untenable view of human nature and of society, and how much of it is indispensably true? Is it right or expedient in the contemporary situation to increase or to diminish the part played by the profit motive; and why?

## THE ETHICS OF PRIVATE PROFIT

“PROFIT” in its most general sense—“What shall it profit a man?”—includes every advantage, everything worth the having. This widest sense of the term is frequently inappropriate in discussions upon “the profit motive in trade and industry” where the emphasis is primarily upon material gain if not frankly upon money. On the other hand, since some men are sometimes induced to act, and even to labour, for non-pecuniary and in some sense for relatively non-material ends, the widest sense of profit is not always inappropriate. In any sense of “profit,” wide or narrow, there is room for discussion of the question whether the “profit” is or is not “private,” is or is not just the agent’s very own. St. Paul’s egoistic question “What advantageth it *me*” did not even refer to this-worldly profit; and this-worldly public spirit, not always wise or benign is, *prima facie* at least, a possible spring of human action.

Again, even if we were thinking all the time and very narrowly indeed about the gains in a “gainful occupation” it might be necessary to distinguish carefully between profits of the one part and wages or salaries of the other part. Many who object to high profits do not object to high wages. Some object like the Guild Socialists to all wages and desire to supplant wages by profit-sharing. In such discussions private profit is usually under review but it would be quite consistent to argue that there should never be any public “profit,” the benefits of successful industry being either distributed in higher wages and salaries or funded in amenities which all can share.



In what follows I shall assume that we are discussing the place of personal gain in trade and industry, that is to say I shall ignore the distinction between profit and wages or salaries. As to "gain," it is a question for argument how far the "gain" is *only* pecuniary or material. That would be true even if at least nine parts of it were inevitably pecuniary or material. The most fundamental problem is the place of self-interest in trade and industry. The question whether a man should be presumed to live *for* that and that only which he lives *on* should not be understood to be settled in advance.

In other words we have to deal with the application of psychological and/or ethical egoism to labour and commerce. The doctrine of psychological egoism is simply that every human agent does in fact seek *his own* apparent good (which might be his real good) and nothing else. Ethical egoism affirms that every agent ought to seek his own greatest (genuine) good and nothing else. An ethical egoist need not necessarily accept the doctrine of psychological egoism. But often he does. If he does, his usual (perhaps his only possible) argument is that ethics commends *enlightened* self-interest and deplors the rash or stupid pursuit of merely apparent self-interest.

A very important point for us to remember is that egoists need not be "selfish" in the usual sense of that term and, in particular, need not be anti-social in their behaviour. They may seek their own salvation by helping others. The good Samaritan *might* have been an egoist. More generally the egoist is not a solitary. If ambitious he is athirst for the praise of his fellows. He may have to earn that praise by genuine public service. Again if he has strong philanthropic impulses he will achieve his own good by being philanthropic. As Hobbes said when he gave alms to a beggar: "That which doth ease the poor man's pain doth also ease mine." The self-interested philanthropy of *such* egoists, at any rate upon the surface, is very hard to distinguish from what is commonly called disinterested action. Philanthropic egoists (in theory) such as Bentham and J. S. Mill attempted, with considerable success, to exploit this line of argument. If you are a philanthropist by nature, they said—or for that matter a good mixer and a co-operative sort of being—the egoism of your ego is a social asset. If not, the resources of propaganda and of public opinion should be mobilised in such a way as to make you a helpful member of society by second nature. At the worst, penal action will force you to be a not very bad society man.

That is one point and it speedily leads to another. If we are talking about what *seems* good to the egoist everything which does so attract him must be included. If he is bone lazy, idleness is such an apparent good. If he wants to be a vagabond, vagabondage (perhaps quite strenuous) is such an apparent good. And so on. If we are talking about enlightened self-interest we must pay *some* attention to all these apparent goods; for each has a certain promise although many may not pay in the long run; (and the "run" may be short). By hypothesis the

enlightened egoist's sole aim in life is to make his 'own whole life as much of a genuine success as may be. It should not be assumed that what would be genuine success for A must be genuine success for B. They may be diverse in their gifts and temperaments. In any case the question what constitutes genuine success for A throws the door wide open to the immense problem of the evaluation of all the goods A might conceivably attain. As we shall see, this type of question applies to trade and to industry although its application there may reasonably be held to be considerably restricted.

Such restrictions being granted, it is obvious that egoists in search of a job may be attracted by other considerations than those of pay. Firstly, they may like the job itself, take pleasure and pride in that particular activity. No doubt there are many employments in which this is difficult and in all employments it is sometimes necessary to work when the labour, for the time being at least, has lost all its savour. Still, God help the society in which most of the labour is thoroughly uncongenial; and God pity the egoist who is not enlightened enough to remember the circumstance. Again, a consistent egoist may very well prize his employment on account of the leisure it permits, thinking it on that account a gentlemanly sort of job. He may also consider the job gentlemanly on account of its social prestige—very often a snobbish motive or worse, but undoubtedly effective. I do not suggest that, in general, medals are nearly as good as cash, or that cash does not in general bring some prestige as well as power over others. That, however, cuts both ways; and if we are talking not about decorations but about social standing in general it is useless to deny that some men in some occupations are actuated, very extensively, by such motives. They are quite capable of sticking to a posh job which is not very lucrative.

That is but a short selection from the long list of actual human motives operative in industry as well as more generally in all human behaviour. I have purposely selected motives which need not rank very high on the ethical scale, to prevent any suspicion of surreptitious uplift. To most enlightened egoists (who are rather rare creatures) they may not appeal either severally or collectively nearly so much as "the profit motive" in the sense in which we are using that term, but even in trade and industry they obviously make quite a considerable appeal.

Again we should always remember the impressive arguments which, persisting from antiquity, have upheld the view that sensible egoists should enter into a security pact in which, from mere self-interest, men put a curb upon their pushfulness, acquisitiveness and naked self-seeking in order to reduce the risks of perpetual war, open or concealed, with their fellows. The argument is that union is strength, health, wealth and happiness not simply for the union but principally for the unionists. Egoists of the world unite. One of the things you can do is to join your fellows in an association whose purpose is the enrichment and advancement of *each*. That means *you*.



Quite possibly such a compact of egoists would not work if each of the egoists was itching to grab all the time, had no bowels of compassion and never had the smallest impulse to help his neighbour and derive personal satisfaction from that source. Since there is no need to assume that men if (as we are now supposing) they are all egoists, are egoists of this unusual breed, we need not trouble about that particular hypothesis.

Accordingly it is quite possible for inveterate human egoists to form a security-group in which the members instead of feverishly scrambling for plums adopt the device of collectivism on purely egoistic grounds, each being prepared to forego something he might have snatched, and to submit to labours which in themselves he would gladly avoid in order that, at this relatively low if substantial price, he may receive more on balance than he would be at all likely to acquire by his own solitary self.

It is perfectly plain that such unions are formed in trade and in industry. Trade unions, cartels of employers, professional corporations among lawyers and others are obvious instances, even if we ignore state socialism altogether. They may not in fact be simply security pacts on the part of egoists; but if they were, no contradiction would arise. There need not even be loyalty to the group in any sense of "loyalty" which is not a mere logical implication of the group device. Each member, in theory, might be actuated only by the desire for his own security and for a safer standard of living than he would be likely to reach in any other way. This is so notorious that many "individualists" are constantly uttering jeremiads about it, forgetting that it is quite a consistent development of pure individualism. They deplore this playing for safety and security, loudly proclaiming that it leads to stagnation. That is possible; but it has no tendency to prove that such motives do not affect working men.

At this point I propose to abandon the hypothesis of pure psychological egoism. I have clung to it, rather grimly, for so long for tactical reasons. "Realists" are prone to argue, time and again, that, after all, no number counts with anyone except the Number One, and that any other supposition is soft and woolly and Utopian. It is therefore important to show that, even if it were so, the resources of collectivism are still enormous. All the same, psychological egoism is not a plausible theory. It could not possibly be true if the meaning were that nobody ever does anything except seek his own greatest advantage on the whole. Long range prudential planning of this kind is relatively rare though it may be commoner in trade and industry than elsewhere. It is notorious that instinctive and impulsive action is not determined by a prudential forecast of self-interest, and that nothing is more usual than for men to snatch at near joys and excitements, knowing very well, even at the time, that they are imprudent. "Damn the consequences and hang the hangover" is an attitude which most of us adopt very frequently and none of us consistently avoids. Certainly it may be argued that nobody has either an instinct\* or a natural impulse toward trade and industry and so that, *there*, prudential self-interest plays a much bigger

\*One discounts Adam Smith's instinct to barter.

part than in human action generally. But even in trade and industry, *homo economicus*, in any strict sense, is a very unusual animal.

Accordingly we shall now assume that it is *possible*, whether or not it is usual, for men to pursue purposes other than their own advantage, to help a friend for the *friend's* sake, to attack an enemy for the *group's* sake, to rescue a drowning child for the *child's* sake, to attempt to advance a cause or a principle despite a net loss to the agent, and to do so deliberately, not merely thoughtlessly and impulsively. Among other things this implies that genuine self-sacrifice is possible, where genuine self-sacrifice means not that a man forgoes some good of his own for the sake of a greater good of his own (as anyone does who leaves an attractive situation to better himself in a situation with greater though different attractions) but that the man himself loses on balance. He may, for instance, renounce a privilege which he deems unjust, not from calculations about the disquietude of a sensitive conscience if he has one but, as we say, on principle.

To say these things is not necessarily to become a preacher, that is to say a propagandist of the light trying to counteract what without the preaching, or perhaps with it, is only too likely to prevail. From the moral standpoint self-sacrifice is justified not on account of the agent's loss but on account of the greater gain of others, supposing the conflict to be unavoidable. It is certainly of the utmost importance in a moral regard that such action is possible and need not be folly. Similarly few propositions about human behaviour in society are more important than the observation that individual men, even to their own detriment, may be and often are prepared to act for the sake of justice and humanity. All the same, as we have seen, it should not be assumed that this discussion is simply about a possible selflessness invariably on the side of the angels and a self-seeking invariably contemptible. The egoists have made a very fair attempt to include what are usually reckoned high moral motives, and motives need not be high on the mere ground that they are not exclusively self-seeking. National pride, family pride, tribal pride are instances of the latter. They have ruined countless lives not always by mistake. When national pride leads to Jew-baiting, when family pride leads to vendettas and shameless nepotism, when tribal pride leads to fanatical self-immolation there are few moralists who would give them countenance; but in all these cases hosts of agents are not wholly self-seeking.

Assuming, then, that some men are moved by motives which are not merely self-seeking and that such motives, though sometimes deplorable, may include the motives which moralists put at the top, a keen sense of justice and an active compassion for suffering humanity, we may now attempt a closer application to the problems of trade and industry.

We are often told that, in trade and industry, individual competition for personal gain is either the only possible or the only effective motive.

In view of what has been said it is not even plausible to maintain that



this is the only *possible* motive. Patriotic propaganda has had an effect upon industry whether or not Mr. Attlee's appeals have been as effective as Mr. Churchill's. Again the motives which we considered when considering pure egoism, whether the employment was congenial, whether it had promise of leisure, whether it had prestige-value or, for that matter, snob-value, obviously have a place in the workaday economic world.

Plainly therefore the only question worth discussing in this connection is not whether individual competition for personal gain is the only possible motive in trade and industry but whether it is so much the most effective motive that no other need be taken very seriously. That is a question of fact, and there is very little doubt about part of the answer. There are hosts of employers and of working men who dislike cut-throat competition and prefer the relative security of combined action. (Since we are now considering *individual* competition we need not here raise the further question of group-competition.) There are many who desire a sheltered occupation and not very many who would like to work for a lifetime under the incentives of quick profits—or the sack. If life is a race the racers aren't always racing. Therefore other motives do operate very effectively in trade and industry, and the only question left for discussion is whether the fact is to be welcomed or condemned. The advocates of individual competition deplore the fact. Others maintain that industry should throw off its lethargy and again become furiously competitive in the individualistic sense.

Several pertinent things may be said about such competition. In the first place the "iron law of wages" suggests, not a race, but a struggle to get out of the cold. It is a question of work or starve. That is the alleged "competition." Until recently, and even now, very few members of the proletariat, without concerted strike action, can afford to *wait* for a good bargain. In comparison most capitalists can afford astute delays. Certainly a "work or starve" motive is a strong inducement, except in a slump when few men can work. Certainly there are serious dangers with regard to the lazy and the fastidious in the system of social security. "In the last resort," says Sir William Beveridge in his celebrated *Report* (p. 142) "the man who fails to comply with the conditions for obtaining benefit or assistance and leaves his family without resources must be subject to penal treatment." There might be an immense flock of such gaol-birds. But if *this* is the "competition" that is acclaimed for the majority of mankind it is not Utopians only, or woolly moralists, who shudder at the idea.

In the second place there is wide scope for the competitive motive *within* a fraternal or security system though not as the sole or even as the primary incentive. Security for all or for most is not inconsistent with differential rates of payment. There is promotion in most government services—the army, the police, the civil service—and similarly in collective associations which are not government services. That would be true even if there were no effective distinction between promotion and

higher pay in most men's minds—if rank, prestige and power made no appeal.

In the third place it is not unusual for advocates of individual competition for private profit to put on their thinking caps and maintain rather belatedly that what they want "of course" is *fair* competition. In the race all the runners should be trained to exhibition pitch and cannot be expected to train themselves. The only handicaps should be inborn handicaps. Otherwise there will be a poor, unsporting race, and the competitive system will be unable to reach the peak of its high capacity.

It may not be entirely clear how such a view is consistent with the inheritance of any private means, or even with early differential advantages in the home. Supposing, however, that this objection could be met, perhaps by abolishing bequest, parental gifts and the home itself, it is clear, in any case, that what is now being acclaimed is not *any* competition but *fair* competition. In other words the argument has taken an ethical turn and is interrogable in that aspect.

To assert that competition, *aemulatio*, rivalry is morally admirable *as such* is surely a most dubious contention. There may be such a thing as healthy competition; but there is plenty of unhealthy competition too. Let us note some distinctions. In a race, in a boxing-match and the like the activity is competitive from the nature of the case. It may be healthy, although, even there, it is seldom healthy if victory *by any means* is its sole aim. In many other enterprises, however, competition, although it enters, need not be the essence of the affair. Novelists, poets, men of science may compete. Some of them excel their fellows and actively desire to do so. Some of them are Nobel prize-winners. All the same, the production of good literature or of sound science is not competitive in its essence and most of us would hold, on ethical grounds, that the scientist who desired first to advance his subject and only secondarily if at all to advance himself had the better ethical motive and was also a *possible* human being. More generally there are weighty ethical objections to what the Greeks used to call *pleonexia*, to over-reaching without limit. That objection is constantly raised against plutocracies, pluto-democracies and, in general, against a persistent scramble for higher pay. The plutocrat (and also the self-helping would-be plutocrat) wants more and more and more for himself. According to the critics, it is a vicious social system which does not effectively restrain him beyond quite modest limits. He may use his wealth for building hospitals or subsidising universities, or he may fritter it away. The critics say that he should not have the power to do either and maintain that even a precipitous income-tax does not stop him sufficiently. There is still a *pleonexia* system.

Indeed if we were asked to decide, on naked ethical grounds, between the socialistic ideal of fraternity and mutual aid on the one hand, and, on the other the ideal of mere individual rivalry we should almost unanimously decide in favour of the former. Those of us who are not



socialists and are rather sturdy individualists would be very unwise to take our stand upon the majesty of competition in itself. It is much more plausible to maintain that although rivalry in itself is often ugly and seldom, if ever, anything very fine, its utility as an instrumental good is beyond the price of rubies. The rubies of collectivism, it is urged, and especially of an omniscient bureaucracy have so baleful an influence upon self-reliance, personal initiative and personal responsibility that their glitter should not be allowed to deceive. The dangerous dubious motive of rivalry has greater promise of good—especially in trade and industry.

Such a view appears to me either to beg the question or to be a piece of speculative effrontery masquerading as a simple statement of fact. As we have seen, even if inveterate human egoism is assumed (and that is itself a highly speculative and improbable assumption) there are many egoistic motives other than the competition for private pay. It is not logic but "intuition" that leaps to the conclusion. If we do not assume inveterate human egoism the transition is at least equally illogical. Nor does history support the contention. From the beginning, no doubt, men have had to work for a living—to hunt, to dig, to weave, to build. It is some sort of calculation, not any natural instinct, that determines all such employments, many of which, such as hunting a whale or a tiger, have perforce to be co-operative. But, in the modern world, something much bigger has to be explained when we find that millions of human beings can be conditioned, as they have been conditioned, into a forty, fifty or sixty hours' week of steady labour for a product which, in a great many instances, is so nearly impersonal as to make each several workman's several contribution as good as invisible to him or to anyone else. He only does his invisible bit.

Yet is this big thing competition for private profit? If we look at the general course of economic history, slavery, serfdom, feudalism and the rest, we cannot, surely, have the face to assert that nothing but competition for private profit led men, under these conditions, to till the soil, build boats and roads, and so forth. Quite on the contrary it would usually be held that in England such *Laissez faire* competition reached its peak in the middle nineteenth century, and then was riding for a fall since collectivism soon began to catch it up and, very speedily to supplant it in large measure. In America collectivism was rather slower; on the continent of Europe, for the most part, very much quicker. I allow that certain kinds of collectivism are consistent with, and are even a logical consequence of, purely individualistic tactics. That, however, is precisely what so many advocates of *Laissez faire* competition for private profit persistently forget.

This leads to a further point. For a prolonged period the trade and industry of these islands was dominated by individual competition actuated (though perhaps in a rather loose sense) by "the profit motive"; and that motive still is very prominent. In other words we have all been conditioned into that point of view. The incentive, therefore, is very

powerful. Yet collectivism has encroached upon it, in part, no doubt as an alternative type of egoistic tactics, but very largely as a protest against injustice and the unjustifiable poverty of the masses. If that can happen now, when we are all so largely conditioned by "the profit motive," when lawyers, statesmen and even reformers, as well as employers and employed, think so largely upon profit-motive lines, upon the "consideration" which according to English law is required for any contract, it is only fair to infer that if we were de-conditioned in this respect and thereafter re-conditioned, *Laissez faire* competition for gain would have a weaker look than it has at present. It is begging the question to say that such de-conditioning and re-conditioning is forever impossible so long as men continue to be men.

Dr. Hayek\* and his friends advocate fair competition and have humanitarian ends. So justice and humanity enter—in short, ethics. I shall end this paper with some remarks about justice, elusive as that conception may often be. Here for present purposes it is unnecessary to consider how far men are moved by the burning desire for pure disinterested abstract justice. For myself I do not doubt that many men are so moved and are eager to improve the lot of humanity, in that particular respect, without regard to their own private interest. For present purposes, however, it is unnecessary to assume so much. It would be enough if justice, in a form not conspicuously pure, entered into the mixed motives of very imperfect and for that matter very muddled men.

Again, since "justice" is an elusive term, referring sometimes to all righteousness, sometimes narrowly to distribution, being opposed sometimes to generosity, mercy and humanity and sometimes not so opposed, I shall restrict the discussion to one of the primary senses of the term viz., fair dealing between man and man, man and group, group and group. This sense of "justice" while intricate in its applications, is not at all unintelligible, and is a genuine as well as a professed motive in much human action.

Let us keep to matters of distribution, on the one hand distribution to the consumer, on the other hand to the distribution of power and place and of opportunities for obtaining power and place. When we are thinking of distribution to the consumer, three formulae, all different, yet all with at least a *prima facie* claim to equity, are commonly offered. These are: "To each according to his needs," "To each according to his deserts," "To each according to his work." The other sort of distribution is usually regarded in a different way and the formula almost invariably used is "From each according to his powers." (It is unusual nowadays to say "From each according to his birth"). The implication is that a man's power, place and opportunities are to be regarded as an obvious moral duty which each man owes, not to himself in any distinctive way but to society. (Ultimately this should mean to all humanity but in most discussions some lesser group is tacitly presupposed).

\*In *The Road to Serfdom*.



Let us examine the three different principles of the first list.

If by "needs" is meant what is sufficient, or just sufficient to support tolerably healthy life, year in and year out, then it would be very widely agreed (though not universally) that this principle holds, and overrides most if not all others, at any rate if 2,000 calories a day (or whatever the figure is) is available by any reasonable means. If there is food you should not let rogues, vagabonds and invalids starve. Provision for them is a group duty not to be evaded. Respect for the need principle is the first objective, say, of a rationing system in war time. All should be fed and supplied with money for their rations if they don't have the money themselves; and similarly of absolute necessities other than food.

This principle applies to special needs, such as a poor diabetic's insulin, and it might be extended somewhat beyond the barest necessities of life. A consistent and generally acceptable application of it would be e.g. more rations for miners than for sedentary workers because the miners really do need more food. Beyond this, however, relatively few would be prepared even to entertain the principle *unconditionally*. If a novelist said that he "needed" foreign travel, or residence in expensive hotels in order to collect material for his art there are few who would hold that he had an unconditional claim in equity; and there are not many (although there are some) who think that in an ideal society everyone should just help himself to what he wanted on the ground that whatever attracted him might, in a sense, be called a "need."

The principle "To each according to his deserts" is obviously very different. The needs principle contradicts it by holding that rogues and vagabonds and other wholly undeserving persons should not be allowed to starve. Apart from that, the desert principle, on the face of it, might well seem to be at the very top of copy-book equity. But huge difficulties speedily emerge. If the desert is moral desert it is not at all evident that a saint should have his Rolls Royce and a well-meaning rather decent fellow should have only a dilapidated jeep. Assume then that when the distribution of material commodities is in question the relevant "merit" is of an industrial type. In that case the deserving person is to be rewarded, not in proportion to the social utility of his work but in proportion to the extent to which he has *tried* to do his job. It is very generally held, for very sound reasons that, except in a very subordinate fashion, no such principle could be applied in a way even colourably satisfactory.

In comparison the principle "To each according to his work" i.e. according to the actual utility of his services seems much more satisfactory. Of course there are very grave difficulties. Is it the higgling of the market that determines the presumed utility? Or a "planning" government? Or what? Again, what in the case of "each" is *his* work? Where does the night watchman's work appear in the tweeds that come from the factory? All the same there is a perfectly genuine sense in which many men may reasonably be said to *earn* their keep and a good deal more, and this principle, which has a strong family

likeness to the profit-motive, has a claim to recognition on a basis of general equity.

The argument now is that, in equity, there should be personal *recompense* for services to the public. The notion of inducement, or of competitive inducement need not so much as enter. It is the desert principle accompanied by the explanation that, for practical purposes, desert has to be measured by actual services, these, in their turn, being determined by effective demand. This, though it may not be the *sole* just principle of distribution, is very widely supposed to have a strong basis in equity. And not without good reason. It does seem fair that a man who effectively increases the supply of what he and his fellows want or need should be better treated by his fellows than a drone, a parasite, or, for that matter, than an invalid.

No doubt this principle has only a family likeness to what is usually called "the profit motive." The appropriate recompense need not simply be pay; and if it is payment, many difficulties remain. Equal pay for equal work would seem to follow. Often it is relatively easy to discover what is equal work. Often it is very difficult. Similarly higher pay for better work would follow. Often it is relatively easy to decide what is better work. But it is seldom, if ever, possible to decide with precision whether better work is precisely twice as good, or that £5,000 a year is the appropriate payment in one case and £200 a year in another. Whatever payment is made must be definite. The principle itself seldom justifies such precision. It may readily be argued that while differential rates of payment follow from the principle, no very great difference is easy to defend; and, still more readily that plutocratic *pleonexia* should always be barred. Yet the fact remains that an earned difference in personal payment has a clear appearance of justice.

I need not say much about the principle "From each according to his powers." It is usually put forward as an absolute ethical principle. A man, it is said, has an absolute duty to serve his fellows to the best of his capacity. To translate this into practice may not be easy; but easy or difficult it is still his duty.

That may be true, and the contrary-minded, who hold that there is a prior duty, which every society should admit, namely, that within necessary limits, a man should be free to go his own way even when his fellows do not like it, may be hopelessly in the wrong. If they are wrong it may be a little hard if the industrial machine, at any given time, determines what are and what are not the relevant "powers." If, however, the argument be that every man owes much to society, and that society owes him a recompense when he fulfils the obligation we have precisely the double principle already discussed under the heading "To each according to his work."

It may be added that if the supposedly absolute principle "From each according to his powers" seldom operates upon pure moral grounds, there are other ways of securing an approximation to it.

JOHN LAIRD.



## WHY PROFITS ?

**R**IGHT through the course of history we can trace a widespread moral protest against the pursuit of commercial profits. To-day the detestation of the profit system among Socialists is perhaps the strongest political motive of our time. Yet somehow profit-seeking seems always to persist in spite of this. Even in Socialist Russia profits have turned up again, only slightly camouflaged by names like "planned surplus," "director's fund," etc.

I respect the moral resistance against profits as a great historical force, which has much humanised the system of money-making in the course of the past hundred years, and I think there is a great deal more to be done in that direction. But I consider the Socialist desire to eliminate commercial profits as the principal guides to economic activity to be profoundly mistaken. There exists no radical alternative to the capitalistic system. "Planned production for community consumption" is a myth. While the State must continue to canalize, correct and supplement the forces of the market, it cannot replace them to any considerable extent. That is the position to be argued in this paper.

### SUBSISTENCE FARMING

The most primitive manifestation of profit, and yet one which remains essential to its higher forms, lies in the chance of a bumper harvest to the farmer subsisting directly on the fruits of his land. The lucky farmer gets something for nothing. But no one objects to such primitive profits. Their recipient may be envied but hardly reproached.

Some of his familiars may grumble at the farmer's investment policy; at the way he takes away part of the crop to increase stock piles, or to convert it into even more permanent forms by raising more livestock or by feeding it to labourers, occupied in new constructions. However, within small groups of cultivators these troubles can be largely avoided by joint ownership and common management, as is shown by the experience of communities of the kind of the Chaluzim in Palestine, and of other Socialist settlers.

### MONEY

Popular objections against profits (the reasons for which I shall not fully examine in this paper) arise only in more advanced societies when the number of people who co-operate in producing goods for each other's use becomes very large. Profits, in these circumstances, are always in money, and the fact which requires explanation before all, is that money is being used for the exchange of goods.

Why money? . . . we must have an answer to this before we can discuss profits.

The reasons why money is used have often been given, but never—it would seem to me—with sufficient penetration to account fully for the incidence and the important functions of profits. There are actually at least four distinct reasons for the use of money and only the four together can make profits properly intelligible.

*Reason A. 1:* When millions of people produce goods for each other's use they must have some way of notifying each other of their desires. People's wants are very largely of a subjective nature. A man who wants his lunch looks exactly like a man who has had it, and it would take a very elaborate clinical examination to distinguish objectively between the two. Still less can you distinguish between the vegetarian and the non-vegetarian, or the man who prefers mashed potatoes from the other who likes them boiled. But it is easy to recognise the hungry man with all his personal preferences by the fact that he offers to buy a lunch and to pay for certain dishes.

Moreover, people's desires and preferences are fluctuating, complex and delicate. James Joyce could have filled a fat volume in describing the half-formed inclinations in the mind of a woman setting out on a shopping expedition. No words could completely define her potential desires. Consumers cannot therefore be expected to present shopkeepers with an adequate psychological analysis of their needs. Money comes to their rescue. Their offer to buy certain things at certain prices completely reveals what they have in mind.

Buying is, of course, often unwise. Moreover, for reasons to which I shall refer later, rationing becomes necessary in the case of sudden shortages, as in war-time. These facts have served as arguments in favour of a maximum of rationing to ensure an enlightened and equitable distribution of goods. Against this there have been anxious and angry protests, exposing the clumsy and oppressive nature of a system of general rationing. While I fully agree with these protests, I shall not echo them here. Firstly because I do not think that any government is likely to carry very far in practice the coercion of consumers by rationing. And secondly—what is more important—too much emphasis on this point would tend to overshadow the even weightier reasons for which money is needed to run a modern economy.

*Reason A. 2:* Even though there were no difficulty whatever in establishing the inclinations of people to satisfy their wants there would still remain a big problem to be solved for a rational distribution of goods. Perhaps we can make this clear by imagining for a moment that men were robots i.e. machines functioning exactly like men. They would require to be fed by a multitude of varied goods and sustained by a great many different services, exactly like ordinary human beings; but they should show an improvement on human beings by carrying a gauge which records at every moment the precise degree to which their needs are satisfied. This would entirely eliminate the function of money as a medium of expression for subjective, delicate and complex desires, so that the task of distributing provisions to the population would become purely a matter of engineering. And yet—I maintain—there would still be no way of carrying out this task rationally without the use of money.

A rigorous proof of this assertion cannot be attempted here for it



would take us too far into mathematics; but I shall at least try to outline the argument.

The following preliminary considerations may be useful. A robot being similar to a human being, it can be equally satisfied (to the same mark on his gauge) by an infinite variety of assortments offered to him. Therefore any particular distribution of a definite batch of goods between two robots—say robots Number One and Two—will in general be capable of improvement. It will be possible to readjust it so as to produce greater satisfaction both for One and Two (or at least one of them, while leaving that of the other unchanged). This teaches us how to define a rational distribution of goods. We may say that when the distribution of the available goods between all robots is such that it is not possible to increase the gauge reading of any without depressing that of another, then that distribution is *rational*.

By analysing the possibility of exchanges between robots in such a rational, or “balanced,” state of affairs it can be shown that a definite exchange ratio prevails in it for every kind of goods. Hence, in a “balanced” state the value of commodities can be fixed in terms of money. We have only to fix arbitrarily the value of one single piece of goods—say a certain pot of jam to be equal 1s. Moreover it turns out that the problem of rational distribution has yet to be defined more closely. Some assumption must be made about the “income distribution” between robots. But this point can be readily disposed of by deciding, for example, on a system of complete equality, which allocates shares of identical value to each robot.

We have now defined our problem. Next we shall outline the method of *successive approximation* by which such problems can be solved.

We want to find the distribution of available resources which will maximise the sum total of gauge readings for all robots (their shares being of equal value). The solution will have to fulfil a large number of relationships which exist between these gauge readings in view of the fact that all robots share a common pool of resources. A procedure of successive approximations will divide such a problem, involving the simultaneous interaction of a large number of centres, into an indefinitely extended series of successive stages. Only one centre will be considered at a time in relation to all the others, while the mutual interdependence of these will be neglected for the moment. One centre will be thus singled out after another and at each step the total solution will be further re-adjusted. When a complete set of such adjustments, covering all centres, will have been carried out, each centre may be once more re-adjusted to allow for the adjustments made meanwhile at other centres. Whole sets of successive approximations may thus repeatedly be carried out and the solution rendered more and more accurate. Such is the general method of approximation by which a ‘poly-centric’ problem of the kind under consideration can be solved, if it can be solved at all.

A particular form of this general method is found to apply to our

particular problem. It proceeds as follows. We start by ascribing a price to each item of the available supplies—trying to guess as closely as possible at the value which it will have in a 'balanced' state of distribution. The total of prices divided by the number of robots is then regarded as the 'claim' of each robot. This claim represents in effect a sum of money in respect to which the robot's share of goods will be allocated to it. Turning now to Robot Number One we start off on the process of distribution by doing for it what it would itself do as an individual shopper. We assign to it a pile of provisions which gives it the greatest satisfaction (as measured on its gauge) within the scope of its quota of purchasing power. Next we proceed to spend the money of each robot in turn to the best of its advantage. But as we go on we have to modify the 'prices' so as to make certain that supply meets demand in the end, and this necessarily leads to a re-valuation of the piles already allocated before. So we have to go back again to each past allocation and somewhat re-adjust it. In effect—to cut a long story short—the procedure will be equivalent to giving each robot an equal sum of money and making him buy its provisions to the best of its satisfaction at the public stores; the prices of commodities being adjusted at the level which equates current supply with current demand.

Such is Reason A.2. for the use of money: money is indispensable as a medium for adjusting a multitude of claims to a maximum of total satisfaction.

I shall now pass on to the sphere of Production, where we shall meet very similar situations requiring the use of money. Their discussion will throw further light, by analogy, on what has just been said.

### PRODUCTION

Consider thousands of factories in which millions of people are at work. Each factory selects from an immensely varied reservoir of resources a particular assortment of materials and grades of labour. It applies certain technical processes suitable to its particular circumstances. It keeps readjusting its requirements of resources and its methods of production to meet variations of supplies and the changing demands of consumers.

Each factory is entrusted to a manager who is responsible for its operations. The success of the economic system depends on the managers doing their task well. But nobody can do a task well unless he knows what it consists in. And, if it involves using up labour and other scarce resources and producing at the expense of these resources goods for other people, it is desirable that there should be some check kept on the way the task is carried out. This should preferably be exercised by the prospective users of the resultant products, who should be empowered to make sure that the maximum possible advantage has been extracted from the total of utilised resources.

Hence Reason B.1 for the use of money. Business accounts cast up in money are a scoring board to which managers can look for guidance in directing their efforts and which also afford the basis for



outside control over their activities. The score consists in the amount of money received for sales, less the amount spent on buying resources. The first sum is the measure, and—as we have seen in the previous section—the only practicable measure, of the satisfaction given to consumers, and hence it is reasonable that it should be made a maximum. The second sum is, as we shall presently show, the only practicable measure for the cost of production, which obviously should be reduced to a minimum.

When people write poetry, or teach a child to read and write, or restore a patient's eyesight by removing a cataract, their actions will carry much of their own reward in them. Those who feel that they have done well in such matters can dispense with outside recognition or else demand it as of right. But this is not so for the production of shoe-laces, tooth brushes, razors, etc. This also is a satisfying occupation, but not in itself; it satisfies you only if you are sure that you produce what is wanted; that you are giving satisfaction to others. Therefore you must measure your satisfaction in terms of theirs. And insofar as their satisfaction is measurable by their willingness to pay for your produce, you must aim at making as much money as possible on your sales. This will represent then the proper way of scoring managerial achievements and also offers the proper control over the manager by those whom he has to serve. This kind of control can easily be equipped with effective sanctions. The rewards of the manager can be readily made dependent on his takings from sales. The connection can be provided for by a premium or granted in form of promotion, or other distinction. However that may be, no system of managerial rewards will be rational if it does not take for its guide the manager's capacity to make money.

I have purposely omitted in this paper any discussion of economic justice. In the great civilizations of the past incomes were grossly unequal; much more, it would seem, than under capitalism. The trend towards greater equality has been maintained throughout the last hundred years—and particularly accentuated in this country since 1939. I am convinced (and have elaborated this elsewhere) that a system of capitalistic enterprise can be made to conform to any standard of social justice on which society is sufficiently agreed. There is no necessary reason why profits should lead to economic injustice.

It is obviously reasonable that production should be conducted at a minimum cost in terms of utilized resources. And this is not in general simply a question of using less of everything. More often it presents itself in such forms as: whether to use say less coal and less oil and use instead more labour and capital plus perhaps a different quality of coal. Balances of a similar kind have often to be struck in other fields than industrial production, for example by artists or athletes. Or again by doctors prescribing a cure, or by designers of machinery; or—approaching closely the case of industrial production—by farmers subsisting on their own land. In all these cases the persons practising economy can strike a balance between sacrifices and achievements which

they can directly sense and weigh. But the factory manager who gets his resources supplied from outside cannot feel directly how precious each parcel of it is from the point of view of society as a whole. He must have some external objective criterion in terms of which he can balance their alternative utilization; in other words if he is to use his resources rationally, he must be supplied with a numerical valuation for each available particle of resources. These numerical values must be expressed in money. In order to prove this I have to pass on to Reason B.2 for the use of money.

Reason B.2 will be seen to be closely analogous to Reason A.2. It arises from the situation in which thousands of factory managers are offered millions of parcels of resources (particularly labour and natural resources) and have to make the best of utilizing the lot.

Let us assume (to simplify our task) that we have no serious difficulty in calculating in advance the amount of satisfaction—in terms of total sales at given prices—which will result from any particular distribution of resources among the existing factories. The problem of maximising this total is then almost the same as that of maximising the total satisfaction of robots by an appropriate distribution of provisions among them. And again, the problem is in general quite insoluble, except by some method of successive approximation which considers one centre (i.e. one factory) at a time and disregards meanwhile the interrelations between all the others.

Fortunately in this case the 'satisfactions' produced at the several centres are expressed from the start in the same units—namely money. That greatly simplifies matters and makes possible a solution on the following lines. Each factory to be supplied with as much money as it desires, provided that it must repay it at the end of a cycle of production and sale. Factories to be enjoined to purchase at the public stores such resources the utilization of which will lead to most profitable sales. Each parcel of resources to go by auction to the factory which can make best use of it. It is implied here that the resources are at the disposal of some persons (the 'Producers') who will sell them to the highest bidder. That in particular labour will seek the highest wage and that land and other natural resources will similarly be brought to market as profitably as possible by their owners. That is an integral part of the method.

No other method than this—or some close variant of it—can be used for an even approximately rational allocation of resources to a large number of productive centres. Therefore 'money making' by 'Producers' who will sell resources to Managers and by Managers who will utilize them and sell the produce to Consumers, is indispensable to the achievement of such an allocation.

This is Reason B.2 for the use of money. It clearly brings us quite close to the discussion of profits; but we are not yet quite ready for this.

#### THE CIRCULATION OF MONEY

The money which factory managers receive on loan for the purchase of resources is paid out by them to the Producers and received back by



them from the Consumers. This forms the circulation of money. The managers are its heart: they squirt the money into every particle of the social body in payment of its contribution to production—and they suck it back again from all these quarters in return for the sale of finished products. The outgoing streams serve to allocate resources to factories, etc.; the incoming streams guide the produce to the users. The compulsion of managers to make the two ends meet by avoiding losses and making as much money as possible by profits, assures their vigilance in securing the effectiveness of these two processes. (The money which they receive for their own services and spend again as consumers, forms a little separate circulation like that of the coronary system of the heart). Producers and Consumers are of course the same people, and in effect the whole population. The devices of monetary circulation and money making offer to the population the only possible way of rationally co-operating in common exploitation of a pool of varied resources for the production of a large variety of goods destined for distribution among themselves.

#### STATIC CONDITIONS

Yet if only production and distribution went on identically day after day, there would be no need to keep up the circulation of money. Circulation could be used to start the system off in the right way, and be abandoned thereafter. Something of the kind happens whenever monetary methods are abandoned for some reason in some part of the economic process. The schedules of production and distribution prevailing up to date are then usually adopted as standards for further operations. The 'basic' rations of paper, for example, are still related in Britain to-day to the amount which publishers happened to use in 1939, when the commercial guides of production were first superseded by war-time controls.

#### RATIONING

While completely static conditions of production would make the use of money unnecessary, the opposite extreme of large sudden changes may cause a temporary break-down of the monetary mechanism. For example, when in the last war most of the natural rubber production of the world fell into Japanese hands, the Allied Governments were forced to confiscate all available rubber supplies. For the alternative course of paying sufficiently high prices to induce holders of rubber stocks to sell these to munition factories rather than to private persons (for tyres, office floors, etc.), would have created enormous unearned incomes to the stock holders, which the public was not prepared to tolerate.

The fact that it is useful to ration certain commodities in exceptional circumstances does not affect our argument which denies the possibility of a central allocation of resources to factories and of products to consumers. For apart from a few cases, like e.g. the distribution of milk to schoolchildren and cod liver oil to expectant mothers, rationing is purely a rather clumsy imitation of distributive schedules established previously by commerce. Its clumsiness is due to the fact that such a

schedule cannot be reasonably continued in operation for any length of time. This applies with particular force to a schedule of productive resources. Any attempt to enforce a rigid central allocation of all resources of production (labour, raw materials, machinery, land) to factories, would lead therefore to an almost immediate standstill of the whole system of production. The Russian Communist Experiment of 1920-1921 collapsed in total administrative chaos essentially for this reason. For when industrial enterprises were effectively prevented from helping themselves commercially to the required resources, their production was brought to a standstill.

### WHY PROFITS?

This brings us to the heart of our question. I have described an economic system based on money making. In such a system people are often making gains which they have done little or nothing to earn. Whenever anything that I possess becomes scarce, whether through increased demand or otherwise,—be it my special type of skill or a commodity of which I have on stock, or which I can readily produce on my land or in my factory—I inevitably make a profit on it. Similarly, as a consumer, I make unearned money if the price of the loaf or of electric light goes down. The economic system is constantly readjusted by the incidence of such profits—and by the losses which occur with about equal frequency at other points.

I have already said that in extreme instances, particularly in times of great national emergency, our sense of social solidarity intervenes to eliminate the occasion for earning large profits from sudden scarcities. I can well imagine that public conscience may in future become increasingly watchful in such matters and I think there is still much scope for it. Besides, I do not regard my outline of a money making society as complete by any means, and shall have a number of qualifications to introduce and supplementary points to add.

I have insisted that modern production and distribution can be organised only on commercial lines, I have said nothing to suggest that such a solution is perfect. If somebody insists that you need an engine to pull a train (as against people who would press for running trains by the method of scenic railways) he must not be taken to deny that the efficiency of engines is very limited; that they make a noise and sometimes run over children—such points being quite irrelevant to the proposition that you need an engine to pull a train. And I would add, that it is impossible to deal rationally with any of the troubles caused by engines until you definitely cease hankering after trains without them.

### SOCIAL EFFECTS

There are millions of things which people buy, use up, and that is the end of it. But this is not always so. Not for example when they buy education or plants for their front gardens. People who acquire knowledge or garden flowers, or, for that matter, expensive vices, do not reduce to the same extent other people's share of such things, for their



joys and follies inevitably percolate to those around them. Similar 'diffuse' effects of individual economic acts are very common in the sphere of production. Smoke, noise, river pollution, soil erosion, depletion of fish and game, industrial ill-health, moral frustration of the industrial worker and many other instances come to the mind. The money making system of economy is based on the assumption that such diffuse effects are negligible. That each individual step makes a circumscribed and visible contribution (positive or negative) to the common welfare and that the score of total welfare is given by adding up the scores for each step. In other words, money making organises those aspects of economic life which are atomistic, localisable and additive, and leaves uncontrolled its 'diffuse' or 'social' aspects.

Wherever these effects become prominent, there is a case for action by the public authorities who are ultimately responsible for social welfare. The question is: what can they do? In the light of our argument denying the possibility of any central direction of economic life, public interventions will have to be negative rather than prescriptive. They will largely consist in restricting the range of commercial activities by outlawing unsocial transactions. Here lies the great field of social reform in which the last hundred years have made such decisive contributions to civilization. In addition to which, in a number of distinctive cases, the state will undertake important positive actions, making provisions for education, health and social amenities, which are insufficiently or unsatisfactorily supplied by commercial sources. Yet for all this the major part of production and consumption will remain—and must remain—directed in all its particulars by a money making system which ignores the 'diffuse' effects of its own activities. For regulations and public provisions do not offer any principle by which 'diffuse' advantages could be maximised, in the way in which the total of 'localisable' scores is maximised by a system of money making.

I shall return to this point once more when referring to Nationalisation.

#### PREVENTION OF UNEMPLOYMENT

I have described the circulation of money. How the money which Managers pay out to people as Producers in exchange for labour and other resources comes back to them once more from the same people as Consumers in exchange for finished goods. (A small branch of the circulation being passed through the Managers' pockets to pay for their services.) I have said that the Managers must recover the whole of the money which they put into circulation, for the money is supposed to be only on loan with them. I may mention also that if they fail in this matter, they are compelled to close down and sell out.

Actually, Consumers do not usually spend their whole income, but prefer to set aside some of it to increase their fund of security. Thus Managers may fall short of recovering the money which they have put into circulation, and, according to the rules of commercial management, this may force a number of them out of business. Business would be depressed and there would be unemployment. It is true that the effects

of private saving may be offset to a greater or lesser extent by money laid out by Managers (from loans) for the construction of new factories. But in prosperous communities at an advanced state of industrialisation this will usually not be sufficient fully to offset savings, and a state of chronic depression will tend to prevail.

Fortunately these troubles can be remedied by governmental deficit spending. Far from representing an "incurable internal contradiction of Capitalism" (as Socialist literature still maintains), chronic unemployment is due to an incidental defect of the capitalist system which could be eliminated merely by setting aside certain long exploded prejudices concerning the conduct of public finance.

#### NATIONALISATION

I have yet said almost nothing about ownership. I have mentioned that some of the Producers are owners of land and other natural resources, and have hinted at some source whence Managers receive their business capital on loan. Since the construction of new factories would be paid for from such loans, the ownership of factories may be presumed to be held by the lenders, who would be investing their money in return for a share in profits. But this still leaves it open whether ownership in any of the cases mentioned is private or public. Which seems to indicate that it makes—or should make—little difference which it is.

The essential difference between private enterprise and public ownership of industry lies in the way risks are borne in the two cases. In the first case it is left to private individuals to subscribe business capital or give loans to managers. They keep watching the investment market and trying to shift their capital always into the most promising fields. Thus they tend to achieve its best utilisation. As a reward they earn a share in profits, minus, of course, the burden of occasional losses. Moreover, they are entitled to interest on loans and to repayment of capital; to assure which they are given the right to foreclose on a defaulting debtor. When the State becomes the sole investor it could behave in a way which would result in very nearly the same state of affairs. Sums available for investment could be handed out to a number of individual agents who could be remunerated from the profits and interests earned by them. They would differ from private capitalists only in being prevented from eating into their capital and not being allowed to transmit it to their heirs. But neither of these features would noticeably affect the mechanism of the economic system. State ownership will, of course, weigh more heavily if the State decides—as in Soviet Russia—to act as a holding company for all industrial enterprises, providing them centrally with capital both on long and short terms, and participating in their profits as well as bearing their losses. This eliminates the capital market as a means of re-distributing investments and replaces its manifold balance of judgments by the cruder central decision of a government department. At the same time the watch kept on the solvency of enterprise is relaxed, as its vigilance ceases to be backed by



any effective threat of foreclosure. These factors will undoubtedly tend to reduce the flexibility and precision of the economic mechanism. We note, however, that they do not give effect to any new regulative principle over its operations.

This important fact is realized perhaps most clearly by considering the position in which a government is placed when facing a panel of say ten thousand industrial managers, each charged with drawing on a market of industrial resources and supplying with his produce a market of finished commodities. The government must control the activities of these managers, and in order to do this it must lay down certain definite criteria of efficiency for them. These criteria must be binding on the government in the sense that any manager who fulfilled them could claim to have done his duty and to receive recognition for it. The criteria must be precise, if not altogether automatic, for otherwise they would place a premium on wangling and tend to penalise the honest scorer. Now, the only precise and rational criterion of managerial success that can be found is the test of business profits. And once a summary record of this kind is accepted as a test of his achievement, the manager must be given full discretion in particulars. No subordinate can do his job responsibly unless he is assured of freedom of action within certain terms of reference laid down for him. All restrictions and corrections to be imposed upon the profit motive of managers will have therefore to be in the nature of general rules possessing a measure of permanence and internal coherence. These rules must be clearly enforceable and in no circumstances must they be allowed to blur the unambiguous recording of success by profits. They can in effect do no more than narrow down the framework in which the profit motive is allowed to operate. Any specific day to day directions of the government would inevitably tend to create confusion and corruption.

We see how profoundly mistaken is the assumption so commonly held that a government which owned industry could fully impose on its operations the interests of the public good. State ownership of industry can make but little difference to the operations of the economic machinery. In its legitimate efforts to enforce those interests of society which the money making machinery leaves out of account (as well as in trying to eliminate monopolistic exploitation, etc.) a socialist government would be limited to the use of the same or very similar instruments of administrations which are at the disposal of any government to-day for the control of private industry.

Much of the confusion and internal tension of Soviet Russia is due to the desperate reluctance to admit this—resulting in ever renewed and often violent attempts to exercise more specific control over the machinery of economic life than is compatible with the rules of the profit system.

#### CONCLUSION

There exists no fundamental alternative to the system of money making and profit-seeking. Our modern high standard economy was built up on this system and its elimination would reduce our economy

to the level of subsistence farming. In practice this would mean the extinction of all the highly industrialised nations of the West. Instead of hankering for the myth of 'planned production for community consumption' we must proceed further with the reform of our commercial system. The last century of reform has already humanised capitalist society far beyond earlier hopes. We shall advance even more rapidly and smoothly in future if we fully recognise at last that we must take our stand on this system and make the best of its possibilities.

MICHAEL POLANYI.

## BOOK REVIEWS

POLITICS AND ETHICS. By Grete Hermann. International Publishing Company, 2s. 6d.

Dr. Hermann begins her essay with the shocking observation that "the evil mankind has suffered from man's knowing and mastering the forces of nature by far exceeds everything those blind forces themselves have been able to do." The handling of scientific inventions, of economic relations, and of the vast field of social organization is "a problem of morals applied to politics." It will not do to rely, even in the long run, upon self-interest, nor upon the common interest and interdependence of interests, nor upon the aspirations and solidarity of the working class in their bid for universality and power, nor upon any, nor all, of the various psychological and moral influences current in society. To rely upon these factors, any or all of them, is to repeat the mistaken optimism of the old liberal belief in the social harmony of enlightened self-interest; it is to fall into the fallacy of assuming that social development is determined by a natural law of progress. Nothing will suffice other than our own resolute personal choice of the right political aim, followed by political action to attain it. Every responsible person is called upon to make a reasoned political decision about the aim of politics and to follow it up by action; and there is no substitute in the study of the social sciences or the support of a party programme.

But what is the right political aim? It is not given in existing social trends; it is gained by gradually clarifying and deepening the spontaneous valuations which people apply to social events. People will die for freedom and justice. Dr. Hermann shows the interdependence of these values, and gives them a common content in the principle that the individual shall have freedom for the rational self-determination of his life. This is the ethical aim of politics, and it differs from the old liberal declaration of the right to life, liberty, and the pursuit of happiness in the positive provision of social means (educational and economic) to rational self-determination, and in the demand for equality in respect of this freedom. There follows a very good and useful discussion of the principle that the end justifies the means, which fully justifies the title of Ethical Realism which the author gives to her general view: justice which is the aim, applies as thoroughly to the means as to the end, but the end cannot be sacrificed or jeopardized; there must be an impartial weighing of conflicting interests, and resolute, responsible choice of



priorities. In the concluding pages Dr. Hermann returns to her point that we have been exclusively interested in, and have relied upon, scientific analysis of social process, and have regarded, and neglected, questions of ethical value as personal matters incapable of rational treatment. "These ethical questions must . . . receive the same careful attention and consideration as modern scientists apply in their own province." They are fully capable of this rational treatment: man's life, personal and social, is capable of being determined by conscious ethical purpose of universal validity.

This essay deserves patient consideration, for it is a timely corrective of bad tendencies in most of our political thinking, of whatever complexion. But the author, surely, destroys the strength of her position by seeming to infer that we need a new politics made by an *élite* of political heroes self-dedicated to the rational ethical aim of politics. That hope would revive, *a fortiori*, the hope she has persuaded us to abandon in the various natural agencies which promise progress. The inference from her convincing argument is not that we should enrol as storm troopers to take the kingdom of heaven, but that we should revive and recognize the ethical aim of politics and treat it seriously by bringing it to the front of rational political discussion, so that we are nerved by it in our political action and judgment.

H.J.B.

WHY WORRY ABOUT RELIGION? A question for the new generation. By A. Gowans Whyte. Watts, 6d.

This pamphlet is addressed to the nine out of ten who are not interested in religion but who get married in church, let their children be baptized, and give their relatives Christian burial. Its author tries to sting those who have never really studied Christian doctrine into examining it critically and taking up a clear stand against it, unless they become convinced of its truth and relevance. At one point, he becomes directly concerned to make people realize the stupendous claims of Christianity and decide about its validity because indifference is monstrous in face of such momentous matters. But for the most part he tries to rouse interest on the ground that the churches are still in fact powerful and influence legislation and policy. The implication throughout is that their influence is sinister. If then we care about social affairs, we must reckon with the churches, and an attitude of polite appeasement is highly inappropriate. A good description is given of how the churches got the measures for intensifying religious education in the schools included in the last Education Act, whilst the vast majority of the electorate did not care about the religious clauses at all. Mr. Whyte points out that the B.B.C. and the Press and Parliament are all sensitive to the highly organized Christian minority, and that the majority are hypocritically acquiescent through indifference and a vague hang-over of respect.

The weakest aspect of the pamphlet is that it does not indicate on behalf of what view of life or what way of life we should make our stand against organized Christian teaching. It does not even raise the problem clearly. It vaguely implies that we have now scientific knowledge to

replace erroneous ideas. It assumes that we all want a better world. But we are primarily asked to examine something erroneous and sinister, without being asked to work out our own convictions and aims more vigorously. The indifferent are not asked to join in the work of expressing, intensifying, spreading a new social, moral, cultural conception, as though the positive task were vital. Yet surely the root of the lazy indifference out of which the author seeks to rouse us is largely that we lack any commonly formulated and inspiring alternative to Christianity. In one section, headed *Seeing Christianity in Perspective*, religion is recognized as, after all, our answer to the question, What is the real purpose of life? Yet it is not here suggested that we need worry about religion in any constructive way.

The most constructive suggestion is that by bothering to understand *all* religions we should become more tolerant, as befits people at the centre of a vast empire; and that if such detached understanding spread, religion would cease to be a source of division and hostility in the world. At this point Mr. Whyte forgets that he himself is seeking to raise up a more active opposition to organized Christianity. The problem is a real and inescapable one. Vital thought and conviction tend towards the clashing of views, and even the attempt to develop a universal common denominator in religion does in fact produce one more sect. Mr. Whyte's sect would clearly be at daggers drawn with Christianity, even if it were more tolerant than Christianity towards Islam and Confucianism.

The pervading negativism of the pamphlet is uncomfortably apparent when we are being shown how the churches interfere in and affect our lives. Are children to be given *no* spiritual preparation for life? Are we on Sundays simply to have more jazz and to be allowed to listen to the "doubters and deniers" of Christianity on the B.B.C.? Are we to worry about religion only because we want to go to the cinema on Sundays? The author does not betray his positive convictions. He seems to take the interest and goodwill of the majority in social, political and economic matters as axiomatic, and, combined with a scientific attitude, as adequate. But he does not positively declare that this is his belief. It would be extremely interesting to know whether the new generation can be stung into worrying about religion for the reasons which he gives them. Anyone who can rouse clear and vigorous thinking amongst the indifferent is doing good work, but, surely, chiefly in order that the positive knowledge and moral convictions of the modern world may become a more vital and harmonious social power. VIRGINIA FLEMMING.

ETHICAL IMPERATIVES. By David Saville Muzzey. The American Ethical Union, 25 cents.

The author writes as one fervently wishing to present to others what seems to him a well-grounded ethical faith, adequate to inspire and guide human lives and to weld individuals into strong communities of seekers after righteousness.

Perhaps the strongest moment of this three chapters lies in this simple statement. "If a sense of the indefeasible worth of a human being replaced

the mere emphasis on his commercial value, we should see a veritable revolution in the economic world. The employer would recognize in his employee first of all a fellow-man with rights and needs like his own, with a family to love and protect, with a character to develop." Muzzey is out to establish the indefeasible worth of every human being. What is indisputable, at least, is that others have needs and personal obligations like our own and that their characters should be developed to the highest capacity, and that we should not lightly cast anyone down as without any sort of worth. This is enough to make us accord to all certain rights and to make us approach all as beings who are capable, presumably, of revealing some kinship with the noblest human beings. According to Muzzey, we must postulate the solidarity of all humanity in essential worth. This does seem to be a justifiable hypothesis, and a necessary one for right practice and right feeling. From it has sprung the whole conception of equality, fraternity, and liberty. But we cannot argue backwards, as Muzzey does at one point, and use the fact that political equality and economic justice rest on respect for and charity towards the individual to prove the worth of all human beings.

The whole of his argument to justify faith in the *absolute worth* of every individual is highly disputable. He tries to ground it upon our own sense of our own worth despite all our failings. He argues that if we would substantiate that, we must accord worth to every human being. But what of this sense of our own worth? We all want our wishes and feelings considered, and we all feel very important in an egoistic and rather bad way. Have we all a sense of real worth? If so, it depends, surely, upon our feeling that, in some sphere at least, it really *matters* what we are and do. That is, our sense of worth derives from some form of moral, intellectual, or aesthetic responsibility. Either we must be aware of the needs of others so that we feel responsible for treating them fairly and generously, and for establishing a right society; or we must feel the necessity of maintaining truth and opposing false notions; or we must feel bound to exercise some skill or art as perfectly as we can, and to exercise our judgment carefully. It is in this way alone that we can come to any valid sense of worth, through knowing there is something we should do or be, and that we can at least try to do or be it, and that in so doing we have a touch of the worth which man is somehow challenged to achieve.

At the end of the first chapter, *The Worth of the Individual*, the purely human postulate is contrasted with the Christian postulate which derives the worth of man from his relation with God. It is here, the author says, that the Ethical Movement differs most fundamentally from Christian and Judaic doctrine. He ends by saying that to affirm this worth is really an act of faith: it cannot be proved. But do we really need the assurance of the absolute worth of every individual? We have enough evidence of the nature of men and women and children to justify a passionate devotion to the task of helping the greatest value in every person to develop, and to establishing a social order which favours this development.



In the second chapter, *The Supremacy of the Ethical Ideal*, Muzzey deals with various current ideas which undermine ethical conviction—relativism, fatalism, and the false values of wealth and power. But chief of all opponents to pure ethical dedication, he says, are the Jewish and Christian religions—despite their concern for ethical living—because they maintain that ethics can only be rooted in their own, now untenable, theological beliefs.

The last chapter deals with our need of each other's aid as seekers after righteousness. The author explains that the avowed purpose of Ethical Societies "is the common effort to impart to and elicit from others a zeal for creating a community devoted to the search for those values which contribute to mutual aid in spiritual evolution." This definition seems unduly vague and exclusively spiritual, for clearly throughout his pamphlet Muzzey is concerned with economic justice and political harmony. But the special task of Ethical Societies is to develop and sustain the ethical devotion in which a true social order must be rooted. "We must," he says, "persevere, in spite of all counsels of fatalism, cynicism, or defeatism, in the effort, through mutual aid in spiritual evolution, to strengthen and widen the community of seekers after righteousness." But beyond this he recognizes that "much remains to be done to achieve economic democracy; and until both political and economic democracy shall be supplemented by a social order in which racial, religious, and sectional prejudices are eliminated, the task of creating a true democracy will not be accomplished. To that task we are dedicated." V.F.

THIS SPAN OF LIFE. By A. E. Lowy. The Favil Press, 3s. 6d.

In a dozen brief sections, the author reviews the break up of the cosmic patterns which the historical religions claim to have revealed, and indicates the patterns of a new order which man is making and finding as master of his own life, in morals, in education, in politics, in recreation, and, above all, in the spiritual order itself, in man's self-consciousness. Mr. Lowy's account of what is happening is just and representative, but his spiritual humanism is informed by an unaffected delight and exuberant expressiveness which is genuinely personal. He feels the loss of man's supernatural hopes and fears as an abounding relief; it is the spiritual thrill in coming of age. His keenest zest, however, is not in escape, but in the new disciplines, the new patterns, and especially in the new pattern of selfhood, its salvation from superhuman isolation and new birth in a human continuum. It is encouraging to have this independent expression of views and feelings which, one ventures to assume, are widespread amongst sensitive and informed people to-day. In such a genial spiritual climate happy human life is more than a hope.

THE MEANING OF HUMANISM. By Curtis W. Reese. Beacon Press, Boston, \$1.00.

The main interest of this book for English readers is that it is a statement of uncompromising humanism by an American religious leader. Within the Unitarian churches in this country there is no considerable

movement which professes a radical humanism. Whether the difference is of real importance remains to be seen, but it is of some interest.

When humanism exposes its nakedness unashamed, as in this book, one may be shocked by its immaturity. For at this time of day humanity is not immature. To say that human needs are the sole criterion of values is defensible doctrine; it may even be a tautology. But to go on to say that the criterion is human needs objectively ascertained by scientific method is a quite extraordinary failure to appreciate the character of the relation between values and needs, the kind of priority proper to values, and the meaning of valuational judgments. In practice, logically carried out, it would lead to interesting and bizarre, but confusing, results. In the field of religion, it would give (and has been used to give) pragmatic truth to doctrines of a Father-god and an after-life. The point might be overlooked and excused as merely a theoretical flaw, a want of subtlety in analysis, were it not that the context of the book makes it all too plain that the author is insensitive to the complexities of the human spirit and does lack insight into the nature of the good life which is humanly possible, an incompetence absolutely damning in a humanist. "We must somehow get at the inner spring of being in a way that will utilize for social purposes the enormous resources of the human spirit . . . Down deep in the caverns of the human soul there are powers not yet reached. It is the business of religion to tap these depths, and with the aid of modern psychiatric knowledge this can yet be done . . . We need a new synthesis of values based on a realistic analysis of human needs and an inclusive synthesis of human hopes." Such sentences do not merely proceed from an intemperate, irresponsible optimism; they proceed from the unreality of a world outside of experience, beyond the scope of science, philosophy, and religion. It is extremely unfortunate that they come from the pen of a genuine, enthusiastic humanist leader, a pioneer of humanism within the churches.

The author tries to follow Dewey and his predecessors, but he has not mastered the alert sure-footedness of Dewey's empiricism, and falls into limbo. A philosophical empiricism is indispensable to humanism, but it is safer and better to stick to some brand of idealism, or even to supernaturalism, if humanists cannot learn to handle empiricism in a responsible and competent way. There is no need yet for such defeatism of course, but it is very necessary to take warning from the lamentable signs of sublime inadequacy which betray so many humanists when they expound their views. The importance of this book is that it exposes the need for humanists to discuss, develop, and mature their doctrine before, it is offered to the world as a necessary or a satisfying philosophy.

EMPIRE. A Socialist Commentary on Colonial Affairs. Journal of the Fabian Colonial Bureau, Monthly 6d.

This is the first issue in a new format of a journal which the Fabian Colonial Bureau took over in 1940 from a small group of Socialists who had founded it some years previously. Monthly production is a beginning which it is hoped will be followed in time by weekly production and an expansion in size. Meanwhile twelve quarto pages provide a substantial

body of comment and information on colonial affairs, as wide in range as the empire and representing with informed good sense the socialist conscience in this theatre of idealism and disgrace. The way of the imperialist is hard, for his successors; and the ordinary citizen, feeling that he has been left a legacy of insurmountable suspicion and insoluble problems, is all too ready to wash his hands of responsibility. But that won't do: the fate of the colonial peoples is our care, whether for good or ill. Therefore the work of the Fabian Bureau deserves wide support, and those who are not following these questions in greater detail should use its journal to keep themselves in touch with their responsibility in its main bearings.

BUDAPEST. Report on General Conditions in the City. Issued by Joseph Kővágó, Mayor of Budapest. Compiled by the Municipal Statistical Bureau.

This is Budapest at the beginning of the year seen from the Mayor's office, and described in one hundred pages with the aid of statistics and graphs. The survey covers population changes, public health, food and fuel supplies, housing conditions, public supply services, transport and communications, education and culture, welfare, industry, commerce and finance, and the elections. Its detail measures the destructiveness of war, and at the same time indicates the recuperative power of modern society. But the insuperable cannot be overcome, however strong the people's will to live, however intelligent, energetic, and competent the administrative authorities. The catastrophic food situation undermines every effort and blights every hope. Probably it is the worst in Europe.

The figures are allowed to speak for themselves, save that in a brief foreword the Mayor addresses a direct appeal to the more fortunate peoples of the world, asking for the minimum help which will enable him and his colleagues to save and reconstruct the life of their city. The volume has been issued in several languages for distribution abroad, and it is an imaginative and intelligent effort of self-help which deserves to succeed.

H.J.B.

## ETHICS IN A CHANGING WORLD

*Mr. A. D. Howell Smith has sent the following comment on Mr. Archibald Robertson's article in our last issue.*

MR. ROBERTSON is no doubt historically correct in defining the Ethical Movement as "a product of the disintegration of 'revealed' religion." Its virtual founders, as he notes, had been morally shaped, the one in a Christian (Unitarian) environment and the other in a Jewish. It is quite true that Judaism and Christianity have many ethical features in common, as these great men were fully aware. But to suggest that W. J. Fox and Felix Adler, as well as their many able disciples, imagined nothing more to be necessary than the shedding of theological dogmas and concentration on the ethics of these two religions in a new context of ritual and emotional appeal is profoundly to misconceive their aims.



We have travelled very far from the *Weltanschauung* of 1876, and we now confront grave issues of thought and action that lay beyond the horizon of the Victorian age. But no Ethical leader ever taught that we should exempt traditional ethics from criticism. Traditional ethics are our starting-point. What was insisted on and must still be insisted on, if the Ethical Movement is not to lose its distinctive character, is that ethical valuation should proceed from humanistic and not from theological premises.

I have been longer in the Ethical Movement than Mr. Robertson and believe I am more familiar with it. In 1907 I was Chairman of the long extinct Fulham Ethical Society, and then combated, as I have done ever since, the tendency that was emerging to give the Ethical Movement a "Leftist" political colour. In my nine years' editorship of *The Ethical Societies' Chronicle* I urged Ethicists to study political and economic problems and to discuss their ethical implications, but I maintained that any solutions of such problems concerned individuals, who were entitled on the strength of their findings to take whatever public action they saw fit, but not the Ethical Movement in its collective capacity.

If we affiliate ourselves with the Labour or any other political party, we thereby turn the Ethical Movement into a political organization with a cultural aspect. Its present legal status is thereby undermined, and we can no longer claim exemption from taxation as a religious body. Conscientious Ethicists who object to the principles and policy of the Labour Party must tender their resignations.

The idea that the man who votes Conservative must belong to a different ethical world to the man who votes Labour is pernicious nonsense. We do not all agree in all our ethical judgments or even in all our ethical valuations. But insofar as rational thinking and goodwill grow among men ethical harmony becomes increasingly possible. Discordancy of economic views may co-exist with fundamental agreement on ethical standards. Men whose sensitiveness to public welfare is equally keen may oppose one another on such a question as whether the British iron and steel industry should be nationalised. To talk as though social classes among human beings were as ethically disparate and as mutually unintelligible as human and insect groupings is to despair of any rational hopes for mankind.

A. D. HOWELL SMITH.

## OBITUARY

THE death occurred on 15th May, 1946, of Charles Albert Watts, founder of C. A. Watts & Co. Ltd., and the Rationalist Press Association Ltd. Born in 1858, he was the son of Charles Watts, an intimate colleague of Charles Bradlaugh, G. J. Holyoake, and other reformers. At the age of 12 Charles Albert was apprenticed to Austin Holyoake, who printed Bradlaugh's publications. His working hours were from 8 a.m. to 8 p.m. every week-day except Saturday, when work ceased at 6 p.m.;

his wages for the first year were one shilling per week "good conduct" money, and for the second year six shillings per week. Under these arduous conditions he obtained a thorough grounding in the art of printing, and as "reading boy" he also enjoyed the friendship of James Thomson ("B.V."), the author of *The City of Dreadful Night*, who fostered in the young apprentice a critical appreciation of literature. There were, in addition, stimulating contacts with Bradlaugh, Annie Besant, and other distinguished figures of the day. Shortly after the death of Austin Holyoake, Charles Albert, though still in his teens, took sole charge of the printing business and began to initiate publishing ventures, chiefly in the field of advanced thought in religion and philosophy. As a means of furthering the sale of his publications he circulated *Watts's Literary Guide*, a monthly journal which later appeared as *The Literary Guide*, and he maintained the editorship continuously up to almost the close of his life—a period of over sixty years.

In the eighties and nineties the dissemination of books of the type produced by C. A. Watts & Company Ltd. was attended by many difficulties, not the least of which was the reluctance of the distributing trades to handle and display works which challenged the traditional religious outlook. Mr. Watts set himself to overcome these difficulties by founding the Rationalist Press Association Ltd., with a double purpose: to provide funds which would enable original works and reprints to be issued at moderate prices; and to create close relations with potential buyers. Members of the Association subscribing five shillings and upwards received books to the value of their subscriptions. Thus the R.P.A., as the Association came to be familiarly known, was a pioneer of the Book Club Movement. It scored its first prominent success by issuing sixpenny reprints of the chief works of Spencer, Darwin, T. H. Huxley, Tyndall, and others at a time when this type of production was confined to fiction of established popularity. Mr. Watts's enterprise was regarded in the publishing world as a reckless gamble, but its success proved that there was a wide public for serious books at a low price. The R.P.A. reprints, which later developed into The Thinker's Library, blazed the trail for the later cheap book series whose names have become household words.

At the age of 70 Mr. Watts, on account of failing health, retired from the chairmanship of the R.P.A., but he remained on the board as vice-chairman and continued to take an active interest in the progress of the Association. He lived to see the undertaking he had founded and worked for with untiring energy and singleness of purpose attain prosperity far beyond his early hopes, and he had his full reward in the knowledge that his work as a publisher had served to bring the latest thought on the fundamental problems of philosophy, religion, and science within the reach of all.



## TO THE READER

This journal, which is published quarterly by The Ethical Union in a new format in place of "The Ethical Societies' Chronicle," will be expanded when paper is made available.

Subscriptions for one year (2/4, post free) should be sent to The Ethical Union, 4A, Inverness Place, Queensway, London, W.2.

Information about the activities of The Ethical Union and the conditions of membership may be obtained from the General Secretary.



